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Todd K. Nishikawa, Acting Air Pollution Control Officer

01-AFC-14

CALIF ENERGY COMMISSION

JAN 25 2002

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January 21, 2002

Mr. Lance Shaw, Project Manager
Systems Assessment & Facility Siting Division
California Energy Commission
1516 Ninth Street, MS-15
Sacramento, CA 95814

Subject: Roseville Energy Facility, LLC, Docket No. 01-AFC-14

Dear Mr. Shaw,

This letter is notification to the California Energy Commission that the Placer County Air Pollution Control District (PCAPCD) will not be able to meet the schedule identified in the Committee Scheduling Order, January 11, 2002. The applicant, Enron North America Corporation (Enron), has not provided some necessary information and there is now not time for the District to meet the scheduling deadline of a Preliminary Determination of Compliance (PDOC) in early March.

The major area of concern is the submission of an offset package which meets the requirements of District Rule 502, New Source Review. In November 2001, the PCAPCD staff requested an updated submittal of the proposed emission reduction credits (ERCs) available to Enron to be used to offset the emissions from the project. Enron was also requested to identify the ERCs available by each calendar quarter, the location of the source of ERCs and the appropriate offset ratios. Unless further information is provided, the District staff must conclude that the company has not shown that it has sufficient ERCs to provide the offsets necessary to obtain approval of this project. There is no longer time for PCAPCD to receive and evaluate the necessary information before the March PDOC milestone date.

The PCAPCD has also requested the company identify ERCs to be transferred from outside the District for approval by the Placer County Air Pollution Control District Board. A hearing of this matter was tentatively scheduled for the February District Board meeting. Even if additional information were received immediately, there is now not sufficient time to evaluate any new material before this meeting. The next regular meeting date of the District Board is in April.

PROOF OF SERVICE (REVISED) FILED WITH
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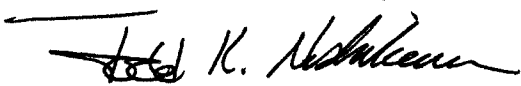
A.A.M.

In addition, the applicant has not responded to requests for additional funding to pay for staff time to complete the engineering analysis necessary to prepare the PDOC. The District's request began on November 27, 2001 with a conversation by the District's General Manager. On January 9, 2002, the Enron project manager responded that they would try to get back to us by the end of the week. This has not occurred.

As discussed with you on the telephone on January 10, 2002, the lack of responsiveness to inquiries by Enron raises questions regarding the company's intention to complete this project and their ability to pay for permit fees.

Please contact John Finnell of my staff if you have any questions regarding this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd K. Nishikawa", with a horizontal line above it.

Todd K. Nishikawa
Acting Air Pollution Control Officer

cc: Mr. Samuel Wehn, Enron North America Corporation
Ms. Joan Heredia, URS Corporation
Mr. Mike Tollstrup, California Air Resources Board